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(Appearing on behalf of the Staff of the
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1	<u>I N D E X</u>				
2	<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
3	MR. ZURASKI				
	By Mr. Fosco	61			
4	By Judge Jones	65			

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9	<u>I N D E X</u>
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10	<u>EXHIBITS</u>	<u>MARKED</u>	<u>ADMITTED</u>
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11 (None.)

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1 P R O C E E D I N G S

2 JUDGE WALLACE: Pursuant to the direction of
3 the Illinois Commerce Commission, I now call Docket
4 06-0624. This is the matter of the Illinois Commerce
5 Commission On Its Own Motion initiation of
6 investigation regarding the hourly price section of
7 the Illinois Auction under Commonwealth Edison
8 Company's Rider CPP and under Rider MV of Central
9 Illinois Public Service Company doing business as
10 AmerenCIPS, et al.

11 May I have appearances for the record,
12 please, and we'll start again with the Springfield
13 room.

14 MR. LAKSHMANAN: Joseph L. Lakshmanan appearing
15 on behalf of Dynegy, 2828 North Monroe Street,
16 Decatur, Illinois 62526.

17 MS. O'BRIEN: Appearing on behalf of
18 Commonwealth Edison Company, Darryl M. Bradford and
19 Anastasia Polek-O'Brien, Thomas J. Russell, and Glenn
20 Rippie -- R. Glenn Rippie, the latter from the law
21 firm of Foley & Lardner.

22 JUDGE WALLACE: Thank you.

1 Let's go around the phone. I don't
2 know who's left in this.

3 Staff?

4 MR. FOSCO: Your Honor, I can proceed for
5 Staff.

6 JUDGE WALLACE: Thank you.

7 MR. FOSCO: Appearing on behalf of Staff of the
8 Illinois Commerce Commission, Carmen Fosco, Carla
9 Scarsella, and John Feeley, 160 North LaSalle Street,
10 Suite C-800, Chicago, Illinois 60601.

11 MR. GOLDENBERG: On behalf of the Cook County
12 States Attorney's Office, Allan Goldenberg and Marie
13 Spicuzza, 69 West Washington, Suite 3130, Chicago,
14 Illinois 06062.

15 MS. SODERNA: On behalf of the Citizens Utility
16 Board, Julie Soderna and Ann McKibbin, 208 South
17 La Salle, Suite 1760, Chicago, Illinois 60604.

18 MS. HEDMAN: On behalf of the People of the
19 State of Illinois Susan Hedman of the office of the
20 Illinois Attorney General, 100 West Randolph,
21 Eleventh Floor, Chicago 60601.

22 JUDGE WALLACE: And not to forget Mr. Flynn.

1 MR. FLYNN: Here I am, Chris Flynn on behalf of
2 Ameren Utilities.

3 JUDGE WALLACE: All right.

4 MR. ROBERTSON: Your Honor, this is Eric
5 Robertson. We have not yet intervened in this
6 Docket, but we would like to. I thought I would
7 announce my presence at the hearing.

8 Would you like me to enter my
9 appearance even though we're not a party yet?

10 JUDGE WALLACE: Are you going to intervene?

11 MR. ROBERTSON: I believe we are, your Honor,
12 but I haven't gotten permission yet.

13 JUDGE WALLACE: Okay, well, we'll just note
14 that you're around.

15 MR. ROBERTSON: Okay, thank you.

16 JUDGE WALLACE: All right, anyone else?

17 MS. LAUER: This is Rebecca Lauer, just
18 listening in. And the same with David Fein, just to
19 determine whether to intervene based upon I guess the
20 Prehearing Conference on this Docket from before.

21 MR. MOORE: This is Steve Moore. We're doing
22 the same, just looking around.

1 JUDGE WALLACE: Okay.

2 MR. RATNASWAMY: And John Ratnaswamy.

3 JUDGE WALLACE: And, John, you're looking
4 around, too?

5 MR. RATNASWAMY: Well, I'm like the previous
6 three speakers, I didn't hang up. And I suspect I
7 shall be just hanging around, too.

8 JUDGE WALLACE: All right, thank you.

9 Let the record reflect no other
10 appearances or listeners in on this Docket.

11 I believe we've had a couple of status
12 hearings and prehearing conferences in this Docket.
13 We've gotten position statements from Commonwealth
14 Edison and Ameren Utilities. We've gotten responses
15 from Staff, from CUB, from the Attorney General, and
16 Commonwealth Edison responded.

17 It looks like -- well, we don't have a
18 general agreement on this Docket.

19 We did have a question from Mr. Fosco.
20 Did Staff have a position on Ameren's current tariff
21 that would be the subject of this Docket?

22 MR. FOSCO: Your Honor, my understanding is

1 that Staff is not looking to change or to seek a
2 change of Ameren's current tariffs in terms of how
3 they procure power and energy until the time of the
4 next auction.

5 JUDGE JONES: Yes, let me just follow-up on
6 that a minute if we could. We'll have a couple
7 questions for you about that.

8 If you can answer them, feel free. If
9 we need to do some scheduling to get these questions
10 answered, I think that's another option.

11 As you just mentioned a minute ago in
12 response to a question from us, and then also as
13 addressed in your January 18th filing on page three,
14 Staff states in part that the Ameren Utilities are
15 also procuring the electric power energy supply
16 necessary to serve their hourly customers and/or are
17 consistent with their existing tariff provisions.

18 Could you indicate to us what tariff
19 provisions Staff is referring to in that comment?

20 MR. FLYNN: We could, your Honor, I do not have
21 those myself to recite those on the record today.

22 Mr. Zuraski may be in hearing room.

1 He may or may not be in a position to do that.

2 If you wanted to go off the record, we
3 could discuss that, and if this is information that
4 we could get on the record today, maybe we could do
5 that.

6 JUDGE JONES: We'll discuss those possibilities
7 in just a minute. I guess the related question is:

8 In addition to the identification of
9 the tariffs themselves, what options are available
10 under those particular tariffs in connection with the
11 service to the so-called hourly service customers?

12 MR. FLYNN: And I think my general
13 understanding, your Honor, is that Ameren is
14 procuring power under the provisions of their tariffs
15 that allowed them to go to the spot market to buy
16 power and energy.

17 And if there is no -- as I understand
18 it, there is no market established for the capacity,
19 so they're going out and negotiating for that so they
20 can get it contemplated under the tariffs.

21 They did file those proceedings we
22 referred to where the Commission rejected their

1 special permission filing. But I think that mostly
2 addressed how we recover certain costs with that.

3 JUDGE JONES: At this time, for purposes of
4 providing Staff and other Parties an opportunity to
5 discuss those questions off the record, we hereby do
6 so.

7 (WHEREUPON, there was then had
8 an off-the-record discussion.)

9 JUDGE JONES: Let the record show there was an
10 off-the-record discussion for the purposes indicated.

11 The alternatives to getting some
12 additional information into the record with regard to
13 statements made in Staff's January 18th filing were
14 discussed.

15 One option discussed was putting
16 Mr. Richard Zuraski on the stand this morning and
17 allowing Mr. Fosco to ask him some questions to
18 explain some of the comments that appear on page
19 three of that particular Staff filing.

20 I believe it's the case that the other
21 Parties do not have an objection to that happening,
22 but I guess maybe we need to make sure of that on the

1 record before we allow Mr. Fosco to call Mr. Zuraski.

2 So does anybody have any objection to
3 that procedure at this time?

4 (No audible response.)

5 JUDGE JONES: All right, let the record show
6 they do not.

7 Mr. Fosco, do you wish to call
8 Mr. Zuraski at this time?

9 MR. FOSCO: Yes, your Honor, we would call
10 Mr. Zuraski.

11 JUDGE JONES: All right, stand to be sworn,
12 please.

13 (Whereupon the Witness was sworn
14 by the Administrative Law
15 Judge.)

16 JUDGE JONES: All right, Mr. Fosco?

17 MR. FOSCO: Thank you.

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1 RICHARD J. ZURASKI,
2 having been first duly sworn by the Administrative
3 Law Judge, witnesseth and saith as follows:

4 DIRECT EXAMINATION

5 BY MR. FOSCO:

6 Q. Mr. Zuraski, would you please state your
7 name for the record and spell your last name.

8 A. Richard J. Zuraski, Z-U-R-A-S-K-I

9 Q. And, Mr. Zuraski, are you familiar with
10 Staff's response that was filed on or about
11 January 18th in Docket 06-0624?

12 A. Yes.

13 Q. And, Mr. Zuraski, in that response that
14 indicated that it was Staff's understanding that the
15 Ameren Companies are purchasing the power and energy
16 necessary to serve their hourly service customers
17 prior to the next Illinois auction under or with
18 existing tariffs.

19 Could you please explain for the
20 Administrative Law Judge your understanding of the
21 tariffs under which the Ameren Companies are
22 procuring their power and energy?

1 A. Yes. In the Company's tariff sheets that
2 describe the auction process, there's a section of
3 those tariffs on contingencies. And among the
4 contingencies are that the auction is not -- does not
5 result in 100 percent of the supply being procured
6 that it set out to acquire.

7 And under that contingency, it
8 indicates that the company shall acquire the
9 resources it needs to provide service through the
10 MISO administered markets. And if no such MISO
11 administered market exists, to acquire them through
12 bilateral markets.

13 And later in the tariff, I believe
14 it's also in the contingency section, it indicates
15 that if the auction results are not accepted by the
16 Commission, that that provision would apply to the
17 entirety of the supplies that the company needs to
18 procure for providing services to those customers
19 under the tariff.

20 That's what it says in the -- in that
21 section, that there are other provisions that
22 indicate that if the auction -- or if a section of

1 the auction is not accepted by the Commission that
2 there's a process where the utilities, the auction
3 manager and the Staff decide whether the auction
4 should be run over again.

5 And they should make that
6 determination within ten days of the Commission's
7 decision.

8 So barring that occurring, the other
9 contingency that I discussed previously would
10 presumably take effect unless the Commission has
11 adopted an alternative plan through which the company
12 would acquire the resources needed.

13 Q. And at this time, there has been no such
14 alternative plan; is that correct?

15 A. There's none that the Commission has
16 approved.

17 Q. And do you recall the name of the Rider
18 under which the contingencies have occurred?

19 Is that Rider MV?

20 A. I believe it is Rider MV, but I'm not
21 actually 100 certain. But I believe it's Rider MV.

22 Q. I believe you described it in detail as the

1 tariff provisions as you understand it.

2 And is it your understanding that the
3 average utilities are purchasing power cheaper under
4 those provisions at this time?

5 A. No.

6 Q. And do the Ameren Utilities' tariffs also
7 provide a mechanism for them to recover costs that
8 was established at the auction Docket?

9 A. I believe they do.

10 MR. FOSCO: Your Honors, I would have no
11 further questions, and I tender the witness to your
12 Honors for any further questions.

13 JUDGE JONES: One moment.

14 (WHEREUPON, there was then had
15 an off-the-record discussion.)

16 JUDGE JONES: Does anyone else have any
17 questions for Mr. Zuraski limited specifically to
18 that issue?

19 (No audible response.)

20 JUDGE JONES: Let the record show no response.

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1 EXAMINATION

2 BY JUDGE JONES:

3 JUDGE JONES: Mr. Zuraski, with respect to any
4 electric power and energy supply being purchased at
5 this time by the Ameren utilities to serve hourly
6 service customers, do you know through what markets
7 those purchases are being made?

8 THE WITNESS: I think that the energy itself
9 which would comprise the vast majority of the costs,
10 that majority of the cost, they're acquiring those
11 directly from MISO itself which does operate an
12 hourly locational margin price market, both a day
13 ahead and a realtime market for energy.

14 In addition, they are acquiring to my
15 understanding any ancillary services that are
16 required directly from MISO under tariffs filed with
17 the FERC.

18 And as far as any capacity that the
19 Ameren Companies believe that they need to have in
20 order to provide the hourly price service to their
21 customers, they are acquiring that through what I
22 would describe as bilateral markets.

1 And I believe they had a request for
2 proposals or a request for bids that was issued, and
3 several companies responded to it. And they selected
4 among that list of firms that were willing to enter
5 into bilateral contracts with them to provide
6 capacity for purposes of serving Ameren's hourly
7 price customers.

8 JUDGE JONES: Thank you.

9 Mr. Fosco, any follow-up?

10 MR. FOSCO: No, your Honor, I do not. Thank
11 you.

12 JUDGE JONES: All right, thank you,
13 Mr. Zuraski.

14 (WHEREUPON, the Witness was
15 excused.)

16 JUDGE JONES: One moment.

17 (WHEREUPON, there was then had
18 an off-the-record discussion.)

19 JUDGE JONES: As noted a few minutes ago, the
20 status of this matter and the future of this case has
21 been the subject of some recent filings.

22 One of those was of course the Staff

1 filing and that was the subject of some of those
2 clarifying questions today.

3 In terms of the status of this
4 particular Docket, I guess I would first ask a
5 question of the Parties.

6 I don't think we see a big benefit in
7 hearing a bunch of arguments orally today on top of
8 the comments that appeared in the filings that were
9 made over the last couple of weeks.

10 If someone wishes to further comment
11 on those issues, you can request leave to do that at
12 this time and we will take that up.

13 Absent that, what we will likely do
14 for today's purposes is to continue this matter over
15 to that Status Hearing date that we have set in that
16 Docket 06-0800 at the conclusion of today's Status
17 Hearing.

18 Between now and then, I would give the
19 Parties a heads-up that we may be issuing some sort
20 of Ruling or other filing with respect to the status
21 of this particular Docket.

22 But, for purposes of today's Status

1 Hearing, at the conclusion of it, it will be put over
2 until the Status Hearing date in -0800.

3 So, given that, are there any Parties
4 who are requesting leave to make a written filing
5 with respect to what should happen in this Docket?

6 (No audible response.)

7 JUDGE JONES: Let the record show no response.

8 I think that may be it then for
9 today's purposes.

10 MR. FOSCO: Your Honor, this is Carmen Fosco --

11 JUDGE JONES: Yes, sir.

12 MR. FOSCO: -- (continuing) wishing to ask a
13 question.

14 JUDGE JONES: Go on, go ahead.

15 MR. FOSCO: When we were off the record, it
16 appeared that Counsel for the Ameren Companies had a
17 position as to whether the Ameren Companies actually
18 opposed Staff's recommendation, which basically is
19 that the issues that would seem to have been a
20 potential subject of this Docket could be addressed
21 in Docket 06-0800.

22 And I believe while CUB's Counsel did

1 not speak on the record, I think CUB's filing goes to
2 the same point.

3 This might be useful for your Honors
4 if the Ameren Companies and the Counsel for CUB would
5 make a statement as to -- you know, based on
6 development and responses as if they actually oppose
7 any issues that could have been raised here in --
8 covered in Docket 06-0800.

9 JUDGE JONES: If you think that would be
10 useful, we can see if those Parties would like to
11 comment on that.

12 MR. FLYNN: Judge, this is Chris Flynn.

13 JUDGE JONES: Yes, sir.

14 MR. FLYNN: I'm perfectly willing to comment on
15 that. I think Mr. Fosco has it right.

16 We're not wedded to any particular
17 Docket Number. And certainly on the surface, it
18 would appear entirely within the scope of 06-0800 to
19 address the issues that we highlighted in our filing
20 in this case.

21 So we would have no objection to
22 pursuing those issues in that case whatever its

1 implications for this Docket.

2 JUDGE JONES: Thank you. We'll look to CUB's
3 Counsel.

4 Miss McKibbin, do you have anything to
5 comment on that?

6 MS. McKIBBIN: Your Honor, this is Ann
7 McKibbin.

8 We as well are not wedded to a
9 particular docket number. While we have a slight
10 preference for keeping the issues separate, given the
11 position of the other Parties, we're happy to cover
12 the issues in the -0800 Docket.

13 JUDGE JONES: Okay, thank you.

14 Any other Parties on that?

15 (No audible response.)

16 JUDGE JONES: Okay, there are no other
17 comments.

18 We do thank the Parties for their
19 comments that they have made this morning.

20 At this time then, let the record show
21 that the Status Hearing in Docket 06-0624 is
22 concluded.

1 In accordance with the above
2 discussion and subject to the other comments made
3 with respect to it, this matter is continued to a
4 Status Hearing date of February 22nd at the hour of
5 2 PM.

6 Thank you, all. Have a good day.

7 (WHEREUPON, the Hearing in this
8 matter is continued to Thursday,
9 February 22, 2007 at 2:00 P.M.
10 in Springfield, Illinois)

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